

Message Text

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PAGE 01 STATE 012894

13-11

ORIGIN COME-00

INFO OCT-01 EA-07 NEA-10 ISO-00 EB-07 (ISO) R

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COM/BIC/OED/MEPD/JMSANDS

COM/BIC/OIM (INFO COPY)

EA/EP:MHENDERSON

EA/PHL:RWILLNER

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R 191706Z JAN 76

FM SECSTATE WASHDC

TO AMCONSUL KARACHI

AMEMBASSY MANILA

C O N F I D E N T I A L STATE 012894

E.O. 11652:GDS

TAGS:BEXP, PK

SUBJECT:MAJOR PROJECTS: KARACHI ELECTRIC SUPPLY
CORPORATION (KESC) PURCHASE OF FOUR FRAME FIVE GAS TURBINE
GENERATORS (RATED APPROXIMATELY 20 MW EACH)

FOR MANILA FOR USADB

1. GENERAL ELECTRIC WASHINGTON, DC OFFICERS HAVE REQUESTED
ASSISTANCE TO ASSURE THAT THE SUBJECT PROJECT IS "FAIRLY
AWARDED." GE IS CONFIDENT THAT IF THE EVALUATION IS
COMPLETED IN ACCORDANCE WITH THE TERMS OF THE BID DOCUMENTS
THAT THEY HAVE AN EXCELLENT CHANCE OF SECURING THIS CONTRACT
WHICH INCLUDES 10.8 MILLION DOLLARS U.S. CONTENT AND 2.4
MILLION DOLLARS FOR HITACHI GENERATORS.

2. BIDS WERE RECEIVED OCTOBER 1, 1975 FROM: HITACHI,
JAPAN; AEG-KANIS, GERMANY: GE/SUMITOMO, USA/JAPAN: AND
FIAT. THE CONSULTANT IS FITCHNER OF STUTTGART, GERMANY.
ALTHOUGH HITACHI'S BID PRICE WAS 600,000 DOLLARS LOWER
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PAGE 02 STATE 012894

THAN GE/SUMITOMO, KESC HAS COMPLETED A PRELIMINARY

EVALUATION IN FAVOR OF GE'S DESIGN AND HAS FORWARDED THIS EVALUATION TO ADB. FIAT WAS 3.4 MILLION DOLLARS ABOVE GE/SUMITOMO. HITACHI AND GE/SUMITOMO WERE INVITED TO STUTTGART TO REVIEW DETAILS OF BID WITH KESC OFFICIALS.

GE ADVISES THAT FIAT HAS "STRONG CONNECTIONS" IN PAKISTAN GOVERNMENT AND THAT KESC OFFICIALS WERE NOT PERMITTED TO ATTEND STUTTGART MEETING (AT REQUEST OF FIAT). GE'S CONCERN IS THAT FIAT WILL BE ABLE TO OVERTURN ANY EVALUATION WHICH IS MADE IN FAVOR OF ANYONE OTHER THAN FIAT IN SPITE OF THEIR SUBMITTING THE HIGHEST BID.

3. REQUEST THAT ISLAMABAD, KARACHI AND USADB DISCUSS WITH APPROPRIATE OFFICIALS TO EMPHASIZE USG INTEREST IN THIS CASE AND TO SEEK ASSURANCE THAT PROCEDURES FOLLOWERED WILL BE FAIR AND IN ACCORDANCE WITH ADB REGULATIONS. KISSINGER

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Message Attributes

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Disposition Approved on Date:
Disposition Authority: ElyME
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Handling Restrictions: n/a
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Margaret P. Grafeld
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04 MAY 2006

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Subject: AJOR PROJECTS: KARACHI ELECTRIC SUPPLY CORPORATION (KESC) PURCHASE OF FOUR FRAME FIVE GAS TURBINE
TAGS: BEXP, PK
To: KARACHI MANILA
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